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UNCLAS SECTION 01 OF 04 JAKARTA 002695

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COMMERCE FOR SBERLINGUETTE
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TREASURY FOR IA-BAUKOL

E.O. 12598: N/A
TAGS: BEXP EINV ECON ID
SUBJECT: Invitation to COP-13 Trade Ministerial

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¶1. (SBU) SUMMARY: On September 24, Embassy received official correspondence from Government of Indonesia (GOI) Minister of Trade Mari Pangestu addressed to United States Trade Representative (USTR) Susan C. Schwab. The letter is an invitation to attend a trade ministerial on the margins of the COP13 conference in Bali in December 2007 and includes a proposed agenda and schedule. A response is requested by October 15. The full text of the letter and accompanying attachments is included below. End Summary.

¶2. (SBU) Begin text:

Her Excellency
Ms. Susan C. Schwab
US Trade Representative
United States of America

Excellency,
Re: Trade Ministers' Dialogue on Climate Change Issues in the Side
of the UNFCCC COP13/MOP3, Bali, December 8-9, 2007

Indonesia will be hosting the 13th Conference of Parties of the United Nations Framework of Convention on Climate Change (UNFCCC) in Nusa Dua, Bali, Indonesia in December 2007. As we all know, climate change has become one of the most important global issues, requiring effective international policy frameworks and actions. The effects of climate change are estimated to be most severe in the poorest countries of the world, creating a potentially serious constraint on sustainable development. Developed countries also face serious risks from rising temperatures, changing weather patterns, and rising sea level.

In parallel with the above conference, I would like to invite Ministers of Trade to attend the High Level Dialogue on Trade and Climate Change issues. The meeting is aimed at initiating a discussion and dialogue process among Trade Ministers on trade policies related to climate change issues. For its content and structure, basically I am proposing three discussion sessions, followed by a wrap-up session. An objective background paper laying out the relevant facts, analysis and issues will be prepared for each session, and the draft papers will be sent out prior to the meeting. A number of countries will be asked to kick off discussions in each session, followed by an open session.

If agreed by all, the results of the discussion will be reported at the UNFCCC COP13/CMP3 plenary sessions on the following day. Please kindly review the attached draft Terms of Reference for further details of the event. We are open to any suggestions and improvements you may have. You can contact Mr. Herry Soetanto, Indonesia's Director General of International Cooperation (phone +6221 3440408; fax +6221 3858185, 3847273; emails: djkpi@depdag.go.id or hersoet2001@yahoo.com, copied to Mr. Deddy Saleh, Director for MultiLateral Cooperation deddy@saleh.to). I would be grateful to have a response from you no later than 15 October 2007.

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Although climate change has been discussed in the previous meetings of the GB and the G20, this would be the first global event where Ministers of Trade could focus on the tools and policies that they can bring to bear on climate change mitigation and adaptation issues. To keep the event manageable, I propose to invite around 30 countries and some national and international institutions knowledgeable on the issues of trade and sustainable development. I would also welcome your suggestions as to who the participants of this dialogue should be.

I am quite enthusiastic about the potential of this event and I hope you will be able to participate and contribute actively to the discussion.

I will be following up with you to consolidate these arrangements at the earliest convenience.

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Yours sincerely,

Mari Pangestu

cc.

Executive Secretary, UNFCCC, Bonn

Attachments:

I. Draft Term of Reference for High Level Event of the Ministers of Trade at the UNFCCC COP13/CMP3. 8-9 December 2007, Bali, Indonesia;

Draft Terms of Reference

Trade

Ministers Dialogue on Climate Change Issues
at the 13th Conference of the
Parties of United Nations Framework Convention on
Climate Change (UNFCCC)

Bali, 8 December 2007

II. Introduction

Indonesia will be host country for the 13th Conference of the Parties (CoP-13) of the UN Framework Convention on Climate Change (UNFCCC) and the 3rd Meeting of the Parties (MoP-3 to the Kyoto Protocol which will be held in Bali on 3 - 17 December 2007. On that occasion, Indonesia will initiate a parallel meeting of an informal dialogue among Trade Ministers on climate change and trade issues, with more focus on policy oriented agenda.

Climate change has for sometime raising issues in trade discussion within the World Trade Organization (WTO), and other fora. It is a new challenge that transcends the traditional environmental problem that can be resolved by a targeted environmental treaty with some

accommodation in the trade realm.

Awareness has been growing of the importance of managing the links between trade and environmental regimes that recognize the integrity of both. An underlying principle in the United Nations Framework on Climate Change Convention (UNFCCC) to guide the efforts to stabilize greenhouse gas concentrations in the atmosphere declares that "measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade." While the WTO Agreement recognizes that trade should be conducted "while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to provide and preserve the environment and to enhance the means for doing so."

Recognizing the growing interaction between climate and trade policies and their regimes, Indonesia is of the opinion that the UNFCCC's conference in Bali would be a good occasion to start a dialogue among Trade Ministers on the above policy issues. The dialogue will be held on 8 - 9 December 2007 in Bali.

This dialogue is not meant to be a negotiating forum, but will serve as a brain storming session among the Ministers on relevant key issues and policy instruments that could contribute as guidance for dealing with the potential inter-linkages between trade and climate issues. The dialogue is expected to provide a recommendation on how to address the mutually supportive links between trade, climate change and sustainable development, particularly for the developing countries. The conclusion and recommendation of the dialogue could be presented at the high- level segment of the UNFCCC COP13/CMP3. The outcome could also be circulated among COP13/CMP3 participants in the form of Chair's Summary/Statement.

II. Objectives

The dialogue is intended to exchange views and experiences at the Trade Ministerial level to clarify issues and seek for positive relationship between trade and climate policies and regimes.

Specifically, the dialogue will consider:

(1) ways and means in which trade rules and policies may contribute

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to mitigation and adaptation dimensions of climate change policy; (2) ways in which trade communities could cope with institutional challenges of climate change in future trade regimes; and (3) policy tools and instruments in which possible conflicts between trade and climate regime can be avoided.

III. Proposed Dialogue Format

This dialogue will be treated as an initial step for a continued discussion process among trade ministers on climate change and trade issues. Indonesia proposes three main discussion sessions, as outlined below, followed by a wrap-up session.

Indonesia's Minister of Trade, H.E. Ms. Man E. Pangestu, is proposed to be the chair for the overall process while Mr. Yvo de Boer, the Executive Secretary of the UNFCCC, will set the stage for the event by introducing a recent assessment on potential trade policy issues that may be linked to actions for addressing climate change in the welcoming lunch.

The first two sessions will be brain storming session, about 2 hours in length each, will be attended by Ministers and selected additional participants from relevant international institutions, such as WTO, UNCTAD, and UNFCCC representatives, as well as from NOOs and Academia. Each session will be opened with brief introductions by selected presenters/resource persons. Participants will comment on the topics presented during the discussion period. The third session will be a closed session, about 2 hours in length, only attended by Ministers and relevant high-level policy-makers, which will precede a wrap-up session that will present participants with conclusions and recommendations on how to move forward with the process.

Objective background papers for each session will be developed by Indonesia's Ministry of Trade in collaboration with local and international think tank groups as well as the team members of UNFCCC Secretariat and President-designated of the UNFCCC COP13/CMP3.

The papers will be distributed to participants two weeks before dialogue takes place.

IV. Proposed Participants

About 30 countries/participants will be invited to the dialogue. The list may include the following countries: Argentina, Australia, Brazil, Canada, China, Denmark, France, Germany, Ghana, India, Indonesia, Italy, Japan, Kenya, Malaysia, Mexico, Netherlands, Nigeria, Norway, Pakistan, the Philippines, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sweden, Turkey, UK, USA, Vietnam, and European Commission.

In addition, number of NGO representatives, academia and think tank groups (will be decided later on who and what) will be invited to this dialogue to bring a broader information and perspectives as well as key international institutions: UNCTAD, and UNFCCC and VITO secretariat

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IV. Proposed Topics

DAY 1, SATURDAY, 8 DECEMBER 2007:

Welcoming lunch (12.00 -1430):

Introduction to Dialogue : H.E. Ms. Man E. Pangestu, Indonesia's Minister of Trade

Opening remarks by Mr. Yvo de Boer, Executive Secretary of UNFCCC on potential trade policy instruments that may be linked to actions on addressing climate change
(to be confirmed)

Start of First Session (15.00-17.15)

Opening Remarks: Chair of Meeting - H.E. Ms. Mad E. Pangestu (15.00 - 15.15)

Session 1: Key Issues in Trade and Climate Policies
(15.15 - 17.15)

Objective: to increase understanding and awareness of the possible inter linkages between trade and climate policies. This may cover some ideas on ways in which carbon regimes may upset level playing fields for trade in greenhouse gas-emissions product entering international trade and also on potential for distortion of trade on goods that are important for mitigation of and adaptation to climate change through tariffs, restrictions on trade and subsidies

Presentation by IISD team (John Drekhage and Aaron Crosbey) (to be

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confirmed)

Presentation by CSIS/NGO team (to be confirmed)

Comments by Participants

Discussions

Dinner and cultural night (19.00 till finish)

DAY 2: SUNDAY, 9 DECEMBER 2007

Session 2: Trade Policy Tools and Instruments for addressing climate change and sustainable development (830-10.30)

Objective: to stimulate discussion on what kind of tools and instruments can promote positive linkages between trade and climate change policies and avoid conflicts during implementation of the respective regimes as well as sustainable development in developing countries. Discussion could introduce countries' experiences and best practice examples that may include free trade products and technologies that are important for climate change mitigation and adaptation, as well as rules related to carbon permit trading and its interaction with trade in emissions-intensive goods.

Presentation by UNCTAD (to be confirmed)

Presentation by Trade Knowledge Network - to be confirmed

Comments by Participants

Discussions

Coffee break (10.30-10.45)

Session 3: (CLOSED SESSION - MINISTERS/HIGH LEVEL POLICY MAKERS ONLY): Common Objectives on Trade and Climate (10.45-12.45)

Objective: to stimulate discussion among Trade Ministers on possible collective international and regional actions to increase positive inter linkages between trade and climate. Discussion could focus on different mechanisms or approaches for dealing with institutional challenges of climate change in trade regimes, particularly in developing countries where capacity gap is still wide.

Presentation on key findings from Session 1 and 2 by Chair

Comments by Other Ministers

Discussions

Working Lunch and Wrap-Up Session (CLOSED-BY INVITATION ONLY):

Summary and Next Steps (13.00-15.00)

Objective: to discuss and agree on steps forward that may consist of follow-up meetings, dialogues, or working groups, in addition a Chair Summary will be produced during this wrap-up session.

Presentation on key findings from Session 1 and 2 by Chair

Closing Remarks (Chair)

End text.

HUME